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ISSUES RELATED TO THE STATE OF  
DISASTER FOR THE FEBRUARY 2021  
WINTER WEATHER EVENT

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PUBLIC UTILITY COMMISSION

OF TEXAS

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PUBLIC UTILITY COMMISSION  
FILING CLERK

**RWE RENEWABLES AMERICAS, LLC'S COMMENTS AND REQUEST FOR  
EMERGENCY ACTION**

RWE Renewables Americas, LLC ("RWE") submits these Comments and Request for Emergency Action related to the state of disaster for the February 2021 winter weather event. RWE requests that the Public Utility Commission of Texas ("Commission" or "PUC") exercise its emergency authority in the public interest to mitigate the extraordinary harm that has resulted from the prolonged imposition of scarcity pricing during the storm and to respond to the imminent financial crisis that the Electric Reliability Council of Texas ("ERCOT") market is facing by removing the administrative price adders that ERCOT implemented following the Commission's February 15, 2021 Order, which set prices to \$9000/MWh between February 15-19, 2021. Allowing for the extreme pressures that everyone was working under, ERCOT should have recognized at or soon after putting the \$9000/MWh price in place that scarcity pricing was not working and could not work in the extraordinary circumstances to bring additional generation to the market. The administrative adders should have been backed down accordingly, to prevent harm to the market.

Apart from what should have been done in real time, resettlement of the week's transactions is required to avoid catastrophic harm to the market. Resettlement at nodal marginal prices that averaged approximately \$1900/MWh at Hub North will still provide extraordinary revenue to generation that remained on line, while mitigating extreme losses to retailers, their customers, other

generators and market participants and protecting the market against a cascade of bankruptcies. RWE also supports the proposal by Texas Association of Energy Market and others to reprice the 32 hours after load was no longer being shed, but submits that this is only part of the solution needed.

## **I. BACKGROUND AND REQUESTED EMERGENCY ACTIONS**

RWE is a leading international provider of energy with a large Texas renewable commitment. RWE companies own and operate 21 renewable generation projects throughout Texas, a combination of wind and solar, and associated storage projects all within ERCOT. RWE has made a significant investment in Texas and is committed to a thriving Texas electric system. However, as with many participants, RWE suffered substantial financial losses as a result of the extraordinary February 2021 winter storm and the protracted administrative imposition of wholesale prices at the HCAP. RWE has paid all invoices from the subject dates, and though it expects to dispute those invoices through the ERCOT ADR process, the timing of such processes far exceed the needs for immediate relief. As each day passes, the ability to upright the market becomes more and more difficult. As other market participants fail to pay or seek protection in bankruptcy court, the threat of additional losses to RWE and others looms large.

RWE urges the Commission to act to protect the public interest and the ERCOT market by resettling the market for the full period HCAP was in effect at nodal marginal price levels (approximately \$1900/MWh at Hub North), or at some other reasonable mitigating level such as proposed by Green Energy Exchange. To that end, RWE supports the comments and emergency requests of parties who have advocated protecting the market through various options for repricing in this docket, such as the Green Energy Exchange, Texas Energy Association of Marketers, EDF Renewable Energy, and Pattern Energy Group.

Specifically, under the authority the PUC assumed in issuing its February 15, 2021 Order, RWE requests that Commission order ERCOT to reprice and resettle the operating days at issue for at least two reasons. First, the February 15, 2021 Order did not explicitly require imposition of \$9000/MWH pricing for the duration of February 15-19, 2021. Because such pricing did not bring more power to the market and only caused catastrophic financial harm, ERCOT should have immediately resettled the week or requested that the Commission issue a corresponding order. RWE requests the Commission can and should direct ERCOT to remove the administrative adders and resettle the market at cost-based nodal prices.

Second, if the Commission has the authority it asserted under PURA §39.151 and 16 TAC 25.501(a) in issuing the February 15 Pricing Order, then now, seeing the impacts of scarcity pricing sustained over a longer time than the PUC, ERCOT, or market participants ever contemplated, the Commission should exercise that authority to require mitigating action by ERCOT to protect an imperiled market. Under resettlement as proposed here, retailers, generators, and other market participants and their customers facing grave losses will see those mitigated, and generators who remained on line will still receive very substantial compensation in a distressed market.

### **III. CONCLUSION**

The circumstances are extraordinary. So must be the response. Resettlement of the ERCOT market for February 15-19, 2021 is necessary to reflect prices that should have been implemented because scarcity pricing did not bring power to the market but only worked unimagined financial harm. To right the ship, the prices should be resettled as of February 15, 2021. Absent resettlement, the ERCOT market faces a downward spiral of defaults and bankruptcies. For the reasons set forth above, RWE respectfully urges the Commission to implement the emergency relief requested here.

Respectfully submitted,



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